

DEPARTMENT OF CONSUMER AND INDUSTRY SERVICES  
BUREAU OF HEALTH SYSTEMS

ADMINISTRATIVE RULES FOR  
SUBSTANCE ABUSE SERVICE PROGRAMS

**Part 2: LICENSURE OF SUBSTANCE ABUSE PROGRAMS**

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**PART 2. LICENSURE OF SUBSTANCE ABUSE PROGRAMS**

- R 325.14201 Establishment or maintenance and operation of program without license prohibited.

**201** A person shall not establish or maintain and operate a substance abuse program unless licensed by the office in accordance with the act and these rules.

- R 325.14202 Time of application.

**202** An application for initial licensure may be made at any time. All licenses shall be renewed annually. Renewal applications shall be received by the office 30 days before license expiration. Licensees not meeting the 30-day requirement will only be eligible to be issued a temporary permit.

- R 325.14203 Content of application.

**203(1)** An application for an initial or renewed license shall be made on a form authorized and provided by the office which shall be completed in full in accordance with instructions that are attached to the application. The application form shall be accompanied by the attachments, additional data, and information required by the office.

**203(2)** A complete application shall include, at a minimum, all of the following:

- (a) Philosophy and goals/objectives.
- (b) Admission procedure.
- (c) Use of other community resources.
- (d) Discharge policies.
- (e) Follow-up policies.
- (f) Additional information specified in the instructions to determine compliance with the act and these rules.
- (g) A copy of recipient rights policies and procedures.
- (h) Name, occupation, place of employment, home address, and blood or marital relationship of the program director, board members, stockholders, and officers to any program staff.

R 325.14204 Processing the application.

**204(1)** The office shall determine whether an application is complete and shall notify the applicant in writing if additional information is required to complete the application or determine compliance with the act and these rules. The office shall investigate and consider each completed application.

**204(2)** By applying for or accepting a license or a permit, an applicant or licensee authorizes the office and its representatives to conduct the inspections and investigations necessary to determine compliance with applicable licensing standards.

R 325.14205 Investigations and inspections.

**205(1)** The office shall conduct an investigation of a substance abuse treatment program for initial licensure within the 3-month period following receipt of the application or, in the case of renewals, within the 3-month period before the expiration date of the current license. The office shall not issue or renew a license until such an investigation is completed and a favorable determination by the office is on file.

**205(2)** The office may make additional visits, inspections, and investigations as it determines necessary for the purpose of enforcement of these rules and the act in accordance with the act.

**205(3)** Investigations may include all of the following:

- (a) Inspections of the program and its operation.
- (b) Inspection and copying of program records, patient clinical records, and other documents maintained by the program.
- (c) The acquisition of other information, including otherwise privileged or confidential information, from any other persons who may have information bearing on the applicant's or licensee's compliance, or ability to comply, with the applicable requirements for licensure.

R 325.14206 Action on applications for licensure.

**206(1)** On the basis of the information supplied by the applicant and any other information available to the office, including facility inspection and investigation, the office may take the following action with respect to any application for licensure:

- (a) Issue or renew the license.
- (b) Issue or renew a provisional license pursuant to section 6238 of the act.
- (c) Issue a temporary nonrenewable permit pursuant to section 6238 of the act.
- (d) Deny any initial or renewed license.
- (e) Take other action consistent with the purposes of the act.

**206(2)** Action by the office pursuant to subrule (1)(d) of this rule shall be preceded by a notice of intent and an opportunity for a hearing in accordance with section 6243 of the act. In all other cases, the determination of the office shall be final.

R 325.14207 Denial, suspension, or revocation of license.

**207(1)** A license may be denied, suspended, or revoked for 1 or more of the following reasons:

- (a) Violation by the program, its director, or staff of any rule promulgated by the office.
- (b) Permitting, aiding, or abetting the commission of an unlawful act.
- (c) Conduct or practices found by the administrator to be harmful to the welfare of a recipient in the program.
- (d) Deviation by the program from the plan of operation originally licensed which, in the judgment of the administrator, adversely affects the character, quality, or scope of services being provided to recipients.
- (e) Submission of false information to the office which is related and material to the requirements of applying for or holding a license.
- (f) Failure to demonstrate reasonably sufficient honesty and integrity to warrant the operation, or continuing operation, of a program.
- (g) Suspension, revocation, refused renewal, or refused issuance a federal registration to distribute or dispense methadone or other controlled substances.
- (h) Failure of an applicant or licensee to cooperate with the office in connection with a licensing inspection or investigation.

**207(2)** When the administrator determines that an applicant or a licensed program has committed an act or engaged in conduct or practices which justify the denial, suspension, or revocation of a license, the administrator shall notify the program by certified mail, return receipt requested, of his or her intent to suspend, deny, or revoke the license. The notification shall contain the date and time for an informal conference to provide the applicant or licensee with

an opportunity to show compliance. If the licensee does not show compliance at the informal conference, does not respond to the notice, or fails to attend the informal conference, the department shall schedule a formal hearing pursuant to Act No. 306 of the Public Acts of 1969, as amended, being §24.201 et seq. of the Michigan Compiled Laws, to consider the items of noncompliance cited in the notice. If the licensee also fails to appear at the formal hearing, the office shall proceed in the licensee's absence.

- 207(3)** Pursuant to section 92 of Act No. 306 of the Public Acts of 1969, as amended, being §24.292 of the Michigan Compiled Laws, if the administrator finds that the public health, safety, or welfare requires emergency action and incorporates this finding in the order, summary suspension of a license may be ordered effective on the date specified in the order or on service of a certified copy of the order on the licensee.
- 207(4)** A hearing to determine issues relating to the denial, suspension, or revocation of a license shall conform to Act No. 306 of the Public Acts of 1969, as amended, being §24.201 et seq. of the Michigan Compiled Laws.

R 325.14208 Service categories.

- 208(1)** A single license shall be issued to a qualifying substance abuse program. The following are categories of service for which programs are licensed:
- (a) Prevention - CAIT. To receive a CAIT license, a program shall provide 1 or more of the following CAIT services:
    - (i) Community change.
    - (ii) Alternatives.
    - (iii) Information and training.
  - (b) Prevention - problem assistance.
  - (c) Casefinding - organizational development.
  - (d) Casefinding - SARF. To receive a SARF license, a program shall provide all of the following SARF services:
    - (i) Screening and assessment.
    - (ii) Referral.
    - (iii) Follow-up.
  - (e) Inpatient.
  - (f) Residential.
  - (g) Outpatient.
- 208(2)** A program shall be limited to providing only those services endorsed on the face of the license.
- 208(3)** Before starting an additional service category which is not shown on a program's existing license, a program shall obtain the office's approval. The office shall retain the right to determine whether a new license application shall be submitted.

R 325.14209 Term of license renewals.

- 209** A license shall expire on the date shown on its face or 1 year after the date of issuance, whichever is sooner, unless renewed or terminated in accordance with the act or these rules.

R 325.14210 Provisional licenses.

- 210(1)** In lieu of denying an application for licensure, the office may issue a provisional license to an applicant. A provisional license shall expire on the date set forth on its face or the first anniversary of its issuance, whichever is sooner. The holder of a provisional license shall be reinspected for compliance with these rules not less than 30 days before the expiration date of the provisional license. The office may renew or extend a provisional license for a period not to exceed 1 year if, in its sole discretion, the office determines that the purposes of the act will be served thereby. The decision of the office with respect to the issuance or renewal of a provisional license in lieu of a standard license is final and is not subject to administrative appeal. A provisional license which has not been renewed or which has been renewed 1 time shall expire automatically on its expiration date without notice or hearings.
- 210(2)** A program that receives a provisional license shall, within 10 working days, submit to the office, for approval, a plan for correction of the deficiencies found during the inspection. Failure to submit a correction plan may result in revocation or suspension of the program license.

R 325.14211 Temporary permits.

- 211(1)** In lieu of denying an application for licensure, the office may issue a temporary permit to an applicant when, at the office's sole discretion, additional time is needed for the office's inspection or investigation of the applicant or additional time is needed for the applicant, including the initial applicant and applicants applying because of changes in ownership, to undertake remedial action.
- 211(2)** A temporary permit shall expire on the date set forth on its face or 3 months after the date of its issuance, whichever is sooner. A temporary permit is not renewable and shall expire automatically on its expiration date without notice or hearing. The decision of the office to issue a temporary permit in lieu of a license is final and is not subject to administrative appeal.

R 325.14212 Change in circumstances; transfer of license; posting.

- 212(1)** A license is issued on the basis of information available to the office on the date of issuance. An applicant or licensee shall give written notice to the office of any change of ownership, governing authority, or location. Such a

change shall be submitted to the office 30 days before such change takes effect and shall result in a new application being required.

- 212(2)** A license is not transferable between buildings, properties, or owners; from one location to another; or from one part of an institution to another.
- 212(3)** The license of a program that has discontinued or relocated is immediately void and shall be returned to the office. A license is not transferable.
- 212(4)** The office shall be notified in writing of the intent to merge one substance abuse program with another before such merger. Such merged programs shall be inspected within 90 days of such notification.
- 212(5)** The current license shall be posted in a conspicuous public place in the program. For purposes of this rule, the term "license" includes a provisional license or a temporary permit.
- 212(6)** When a document is required by the act or these rules to be posted in a "public place" or in an area "accessible to patients, employees, or visitors," the term means any of the following locations in a program:
  - (a) The main entry or hallway.
  - (b) The reception area or foyer.
  - (c) The dining room or multi-purpose room.

R 325.14213 Prohibited entities; waivers.

- 213(1)** A city, single- or multi-county coordinating agency designated by the administrator shall not be licensed under these rules and shall not establish, maintain, conduct, or take part in, the operation of a substance abuse program.
- 213(2)** A request for a waiver to allow a coordinating agency to provide substance abuse treatment rehabilitation or prevention services shall be made to the office by a coordinating agency. Specific situations for which such a waiver will be considered include all of the following:
  - (a) Emergencies. If an established, licensed, substance abuse program unexpectedly and suddenly terminates operation in such a manner as to jeopardize the protection and well-being of clients receiving services from the program, a waiver may be issued on an interim basis until the well-being of the clients is insured through alternative services.
  - (b) Lack of operating service providers. If a licensed service provider does not exist in a geographical area to provide services for which the coordinating agency has shown a documented need and no providers can be found, a waiver may be considered. A request for waiver under these circumstances shall contain information as to the steps

being taken to develop a licensed service provider in the geographical area. If attempts to develop a provider have been made and a provider cannot be found, and if the coordinating agency intends to continue to provide services, a plan to transfer coordinating agency designation to another agency shall be part of the waiver request.

- (c) Development of demonstration projects. If development of a demonstration project for innovative or specialized services requires that substance abuse services be provided, a waiver may be requested for a period of not more than 6 months. The waiver request shall contain an explanation of why no licensed service provider could provide the services and a description of plans that tell how, when, and to whom the project will be transferred after the developmental period.

- 213(3)** When a waiver is granted for subdivisions (b) and (c) of this subrule, the coordinating agency shall be required to be licensed for the waiver period and shall comply with all conditions for receipt of a license. The coordinating agency may be required by the administrator to comply with all statistical, client, management, or financial reporting requirements required of programs providing similar services.

R 325.14214 Relationship to funding.

- 214** The issuance of a license to a program is not a commitment by the office to fund the program.